

Foreign Accounts Curb Is Signed by President

WASHINGTON, Oct. 26 (UPI)—President Nixon signed into law Monday legislation to crack down on illegal use of secret foreign bank accounts, to ban unsolicited mailing of credit cards and to protect consumers against mistakes in credit agency reports.

The section dealing with foreign banks, such as the Swiss banking system that keeps numbered accounts, is aimed at so-called "white-collar" criminals and gamblers who funnel money through the secret bank channels. The law requires banks in the United States to keep extensive records so investigators can follow the flow of funds, and requires citizens to report exports or imports of more than \$5,000 at any one time.

The law bans unsolicited mailings of credit cards, effective in 90 days.

IRS ACCESS to a credit bureau's files is upheld over the firm's objections.

A recent circuit court case spotlighted a long-standing IRS practice of quietly tapping credit-bureau data banks for financial information about taxpayers. TRW Credit Data, whose files hold information on 20 million New Yorkers and Californians, contested the IRS right to compel it to give data on a taxpayer. The company demanded fair compensation, and it also asked a hearing on whether the IRS summons was burdensome or injurious.

"We question their right to such information in the first place," declares Gerald Davey, head of Credit Data. The circuit court disagreed. It ordered another hearing to set fair compensation (a lower court had said 75 cents a report), but it brushed aside Davey's substantive objections. "The Government has the right to require the production of information wherever it may be lodged . . . so long as it pays," the court said.

Industry sources say most credit companies cooperate with the IRS, sometimes under a summons issued on the spot. But in some instances, companies have refused and heard no more about it.

BARRING THE IRS from credit-bureau data is under debate in Congress.

A House subcommittee on consumer affairs is considering a bill that would ban Government agencies (except those granting credit) from financial data in such files "unless pursuant to legal process." A similar measure has already passed the Senate. A few credit companies are pressing for more stringent legislation that would allow Government use of their files only in "national security" cases.

"The potential for a 'national dossier' and the 'Big Brother Society' is great indeed," one bureau official testified. But the IRS and other Federal agencies contend the measures before Congress would hamper their investigations and make them more expensive. A Treasury official says one credit report can save many hours of investigation, and the IRS draws on 25,000 reports a year.